

FY15 Southwest Economic Development

Staff Summaries & Recommendations – September 2014

The Commission budgeted \$2.5 million in FY2015 for the Southwest Economic Development program. The Commission received more than \$63 million of requests in this grant cycle, including six proposals that each exceed the amount available. Staff has recommended below the three highest scoring proposals and further recommends that all other applicants be allowed to revise and resubmit any of the other pending requests that align with program objectives and the available funding, to be considered in a Spring 2015 grant cycle.

Req #	Organization Name	Project Title	Request Amount	Staff recommendation
PROPOSALS RECOMMENDED FOR FUNDING				
2913	Friends of Southwest Virginia	Heartwood Festival Marketplace: The Gateway to Southwest Virginia's Artisan Gateway	\$108,000	\$108,000
2912	People Incorporated Financial Services	MySWVA Opportunity Entrepreneurial Challenge II	\$24,000	\$24,000
2904	Southwest Regional Recreation Authority	Adventure Playground of the East - Expanding the Regional Footprint of Economic Impact	\$435,000	\$435,000
		Total recommended		\$567,000
PROPOSALS NOT RECOMMENDED FOR FUNDING				
2903	Bristol Historical Association	The Robert Preston House Living History Museum	\$425,000	0
2915	Town of Damascus	Appalachian Trail Center Design	\$180,000	0
2908	Rural Retreat Depot Foundation Inc	Rural Retreat Depot Restoration - Phase Two (Additional Stabilization)	\$135,000	0
2756	Scott County EDA	Secure Mountain/Sunbright Underground Technology Park	\$2,270,000	0
2730	Scott County EDA	Riverside Development - Phase I	\$548,493	0

2914	Smyth County Board of Supervisors	Exit 39 Seven Mile Ford Sewer Project/Phase 2	\$109,800	0
2909	Smyth-Washington Regional Industrial Facilities Authority (SWIFA)	Mid-Mountain Water System Improvements	\$500,000	0
2910	Southwest Virginia Higher Education Center Foundation	Compressed Natural Gas (CNG) Public Fueling Station	\$268,000	0
2886	Town of St. Paul	St. Paul 0.5 MGD Regional Wastewater Treatment Plant Expansion	\$370,000	0
2917	Virginia Highlands Airport	Design Engineering Services for Runway Extension at Virginia Highlands Airport	\$300,000	0
2911	Washington County Industrial Development Authority	Exit 13 Phase 2A Sewer Project	\$206,000	0
2846	Wise County IDA	Dhiyo House, Inc.	\$1,674,000	0

REQUESTS THAT EXCEED AVAILABLE FUNDS
(no further action recommended)

2905	Appalachian Agricultural Exposition Center	The Appalachian Agricultural Exposition Center	\$4,659,500	0
2877	Bluefield College	Bluefield College Proposed School of Dental Medicine Facility	\$10,000,000	0
2842	City of Bristol	The Falls: A Development of Regional Impact	\$5,000,000	0
2906	Lincoln Memorial University	Small Animal Clinical Skills Center of the Lincoln Memorial University-College of Veterinary Medicine in Lee County Virginia	\$6,600,000	0
2890	Lincoln Memorial University	The Lincoln Memorial University College of Veterinary Medicine Large Animal Teaching and Research Center	\$5,043,862	0
2907	Town of Richlands Tazewell County IDA	Project Jonah	\$25,000,000	0

Total (21 requests) \$63,856,655 \$567,000

Available balance \$2,558,020

PROPOSALS RECOMMENDED FOR FUNDING

People Incorporated Financial Services

MySWVA Opportunity Entrepreneurial Challenge II (#2912)

\$24,000 requested

Executive summary provided by applicant: People Incorporated Financial Services is requesting \$24,000 as required cash match for its Appalachian Regional Commission grant that will support provide four Small Business Boot Camps targeting seven localities within Southwest Virginia targeting entrepreneurs in the counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell and Wise. Through these workshops, entrepreneurial activity will be generated in a collaborative, regional approach by stimulating business creation and facilitating networking through regional entrepreneurial training to promote small business growth, create jobs, an encourage public-private sector partnerships. Communities targeted by this project have less disposable income, high unemployment, geographic constraints, and are experiencing significant out-migration which takes a toll on sustainability for local economies. The seven localities targeted by this project all have poverty levels and median household incomes below both the Commonwealth of Virginia and the U.S. Given these conditions, it is more difficult to start and sustain a small business. And rural markets are smaller which results in limited customer base which poses other challenges to small business success and sustainability. Through collaborations with regional initiatives such as My Southwest Virginia Opportunity and the Blueprint for Entrepreneurial Growth and Economic Prosperity in SWVA, innovative entrepreneurship has been gaining momentum as a proven strategy to showcase and promote the art, culture and natural amenities available in SWVA. The overall goal of these proposed Small Business Boot Camps is to generate entrepreneurial activity and business opportunities, stimulate job creation, and provide the tools and information to assist small business owners. This initiative supports this objective by providing entrepreneurs the tools to create viable business plans, access start-up capital and community support.

This project fulfills local and regional economic strategies, including those of the Tobacco Commission, in several ways; first, it consolidates local and regional business resources to benefit all. This program identifies those that are truly ready to start their own business and gives them the knowledge, confidence, and for some, the start-up capital they require to actually open their doors. And by providing monetary awards targeted to alleviate start-up costs, the project relieves some of the financial burden associated with start-ups.

Staff comments and recommendation: This request is to assist with continuing a program that was funded with non-Commission sources during its first year. Along with a good track record of year one success, this application leverages funding from ARC and contributions from People Incorporated and local partners to offer four Small Business Boot Camps across the region. A total of 80 participants will be provided the opportunity to attend the eight- week workshops, and TICR funds will be provided to the graduates with the top four business plans as start-up operating grants. While future funding for this program is not addressed, this one year effort could serve as a demonstration with an eye toward more substantial funding in future years. This initiative aligns well with Governor McAuliffe's recently announced New Virginia Economy Strategic Plan, in particular priority #4 which focuses on Innovation and Entrepreneurs. **Staff recommends award of \$24,000.**

Friends of Southwest Virginia

Heartwood Festival Marketplace: The Gateway to Southwest Virginia's Artisan Gateway (#2913)

\$108,000 requested

Executive summary provided by applicant: "Heartwood Festival Marketplace: The Gateway to Southwest Virginia's Artisan Gateway" is a proposed project to dramatically transform the bland and underused front lawn of Heartwood into an aesthetically-pleasing and thriving festival marketplace. This festival marketplace will serve as a distinctive first-impression to Heartwood, while also providing a proper space for regional artisans and vendors to sell products, as well providing a quality locale for concerts, festivals, and other special events. This project will have a direct impact on regional artisans, and will ultimately increase exposure, expenditures, and employment throughout the Southwest Virginia region. While Heartwood's exterior and interior design is very impressive and distinctive, a need remains to develop the bland and significantly underused front lawn. This area is the gateway to Heartwood, but it is currently unappealing as a first impression. The lawn's lack of quality design and event space has led to its underuse. Secondly, a need exists for a proper, designated space for artisan demonstrations, in addition to direct product sales by artisans and vendors. Currently, artisan demonstrations take place indoors in a cramped area. Thus, a great opportunity exists to address both issues. In order to address the aforementioned needs, this project proposes to transform the underused lawn into a vibrant festival marketplace area. This area would be graded and landscaped in order to serve as an aesthetically-pleasing gateway, while also offering amphitheater seating, a stage area, and a fire pit for concerts and events. A market plaza area will offer spaces-complete with electric and water access- for artisans and vendors to use. This area will allow for more TCR events and other concerts to take place outdoors, as well as more special events, such as the SWVA Wine Festival. This project will have an immediate and dynamic impact on both Heartwood and the entire region of Southwest Virginia. This project will lead to increased direct income to regional artisans and vendors. This project will also help lead to greater exposure to Heartwood and, in turn, the communities and assets throughout the region--resulting in expenditure and tax revenue increases. The festival marketplace will only improve the image of and quality of life in Southwest Virginia, which is now playing a vital role in 21st century rural economic development, especially concerning retaining and attracting human capital.

Staff comments and recommendation: TICRC grants contributed \$10.3M to the construction of Heartwood in FY08 and FY09. Additionally, numerous awards have been provided to support marketing, programming, and other activities at the regional artisan's center making Heartwood a signature investment of the Commission. This latest request builds upon those investments by developing additional outdoor space which has been missing from the venue. The application estimates that the activities conducted in this space will result in a 10% increase in visitation to Heartwood. Those 4,400 new visitors annually could provide a significant boost to Heartwood's sales and sustainability, and to the hundreds of regional artisans, performers and local destinations the Center promotes in its product sales and events.

Staff recommends award of \$108,000.

Southwest Regional Recreation Authority

Adventure Playground of the East - Expanding the Regional Footprint of Economic Impact (#2904)

\$435,000 requested

Executive summary provided by applicant: TIC has provided past funding for SRRA staffing and operations which has, as promised, brought us to within striking distance of sustainability. The organization will now open new OHV systems to increase permit and merchandise sales, creating income to cover expenses. We have construction funds to develop four OHV systems in FY15. We require gap investment to operate these new systems until they can generate the additional sales needed for sustainability, and funding to construct equestrian trails for inventory diversification. Equipment and funding for patrolling and maintenance is needed to safely operate these trail systems during our revenue growth period. As with any business, equipment and start-up costs are the most critical. Since revenue increases follow approximately 12- 18 months behind a new trail opening, these systems cannot generate the income to support their immediate, initial security, maintenance, and equipment needs. We have construction funds to build new OHV systems but require investment to cover trail management costs until the additional trail inventories contribute income. Simply put, with a larger inventory of trails we can attract more customers and generate more revenue from an expanded and broader marketing reach, but we must operate them with best practices to be successful. Our plan has always been to use the right funding for the right purpose. We have the construction funds required to build four new systems, which will increase our revenues. We need initial equipment, patrolling, and maintenance investment to make the entire system sustainable. We've generated over \$60,000 in revenue and have sold 3,500 rider permits since June of 2013 with one OHV system and 70 miles of trail. With five systems, totaling over 300 miles from Tazewell to Lee County, and an equestrian trail in Scott County, we will expand our market share and annual revenues will exceed \$500,000. As per our recent funding report to VCEDA, the opening of our Mountain View OHV system in St. Paul has had unprecedented economic and job creation impact. For the first time on 40 years, St. Paul is generating lodging taxes, and sales tax revenues are also up. Over a dozen businesses have been created or expanded and at least \$1 MILLION DOLLARS of private investments have been made. This is the most SIGNIFICANT initiative to happen in St. Paul in decades. Our plan is to replicate this success in towns like Haysi, Grundy, Pennington Gap, Pocahontas, Tazewell, Dante, Dungannon, etc.

Staff comments and recommendation: TICRC grants to establish Spearhead total \$1,106,609 since 2008 for start-up personnel and operating expenses, making this a signature initiative of the Commission. In June 2013 the first section of the trail opened in St. Paul, VA and has demonstrated significant success in the form of \$60,000 of direct revenue to Spearhead from the sale of 3,500 rider permits, and substantial regional and national television exposure ("Fisher's ATV World" on The Outdoor Channel). Over a dozen businesses have been created or expanded as a result of the Mountain View system, resulting in approximately \$1M of private capital investment. Additional trails are projected to open this year and it is reasonable to expect a similar impact to those communities across the seven-county region. The total 300 miles of trail, including an equestrian trail in Scott County, is expected to generate over \$500,000 in annual revenues. This year's request will assist with maintenance and service needs for the newly opened trail systems. **Staff recommends an award of \$435,000.**

PROPOSALS NOT RECOMMENDED FOR FUNDING

Bristol Historical Association

The Robert Preston House Living History Museum (#2903)

\$425,000 requested

Executive summary provided by applicant: To create The Robert Preston House Living History Museum as a major tourist venue in Southwest Virginia. The most historic site in the area, this house on National Register of Historic Places is a fine example of high-style frontier architecture. The house, log cabin and Interpretative Center will promote the region's history and role in Westward Expansion from its key position on the Wilderness Road. Earlier grants and private funding have resulted in major exterior and foundation restoration. Other funding is accomplishing interior restoration. This grant will complete the project for public presentation as a tourist and education venue. To establish the Living History Museum, the need is to restore the ca. 1790-1815 Robert Preston house near I-81 Exit 7 in Washington County Virginia and its site to its original condition. Without this historic attraction, the southern end of the Wilderness Trail is without a significant historic site. The restored house, rebuilt log cabin with restrooms, and Interpretive Center will create a cultural heritage destination in an otherwise commercial area. Building of an Interpretive Center will make the site ready to present the house and its role in the history of the region to the public. This project provides a key historic site on the Wilderness Road. It will enhance I-81 Exit 7 (and, later The Falls at Exit 5) as a tourist destination. Funding from this grant will complete the Preston home and site restoration, including the log cabin behind the house, with restrooms, and build an Interpretive Center. It will provide landscaping, walkways and parking. This grant will fund period appropriate furnishings for this Museum, with appropriate displays. The gift shop will provide souvenirs and promote other cultural destinations in Virginia along the Wilderness Road. The Robert Preston House offers a unique opportunity for interpretation of frontier history in Southwest Virginia. It is positioned directly on the Wilderness Trail, leading from related sites in Virginia into cultural tourism sites in Tennessee and Kentucky. There are great economic benefits to the region from the dollars generated from this strategic location at I-81 Exit 7 with many businesses associated with tourism. The Preston family's role in a key period of settlement makes their story a compelling one in presentation of history of the region. As a surveyor, Robert Preston's role was key.

Staff comments and recommendation: TICRC has supported this project with 3 previous awards totaling \$130,000 to assist with site acquisition and Phase 2 exterior renovation. The \$75,000 Phase 2 grant was awarded in 2012 and approximately a third of the grant is remaining. The Bristol Historical Association has been successful in attracting support from new funding sources since the 2012 TICRC award, however a large balance remains to complete the project. The operating plan provided with the application does not provide confidence that the site can be adequately supported with the estimated \$16,000 operating budget (e.g. no professional management or marketing is included in the budget, and the capacity of this volunteer-run nonprofit applicant to operate a year-round tourism destination remains unclear). Interest had been shown in making the renovated house a venue along the Wilderness Road due to its convenient location along the Road's actual route but no evidence has been provided that a formal partnership between the projects exists. Staff suggests that the applicant revise their operating plan to better define a sustainable use of the location and pursue funding from other sources such as ARC. **Staff recommends no award.**

Town of Damascus
Appalachian Trail Center Design (#2915)
\$180,000 requested

Executive summary provided by applicant: The Appalachian Trail center in Damascus, Virginia will be a national destination for training, collaborative conservation management and visitor engagement. The proposed Center will be the first training facility to specifically serve the Appalachian Trail, offering outdoor education resources such as year-round training with a focus on professional and community development. Modern Office and meeting facilities will attract partner conservation organizations. A visitor center will round-out the facility and provide a portal for the public to learn about the Appalachian Trail, its history, culture, and other nearby recreation and small business assets. During Damascus' existing DHCD Downtown Revitalization Planning Grant, the town has identified needs to overcome seasonal economic and visitor retention obstacles. The Appalachian Trail currently serves 2 million visitors/year, but the nearest trail visitor's center is in Harper's Ferry, WV, leaving approximately 1,000 miles of trail unnerved. Damascus thrives on outdoor enthusiast from Trail Days (20,000) and the VA Creeper Trail (150,000), however they lack the amenities for extend visitation and retention needed to capture sufficient revenues to create economic growth. The Trail center becomes a clear opportunity to retain visitors, fulfilling its vision as a cultural outdoor center. A large collaboration of stakeholders, including the ATC, Damascus business owners and residents, Hill Studio, Arnett-Muldraw, Appalachian Spring, and the MRPDC have identified this Trail Center as an opportunity to combat growth barriers caused by a seasonal economy. This trail center will attract new visitors, lengthen visitor's stay, and will stimulate off season economy by providing a year-round central location for trail information, hiker and visitor services, limited lodging, and professional training programs. As an anchor tenant, the Visitor's Center will facilitate new partnerships, and stimulate private investments and local infrastructure. The Trail Center is significant for the entire Appalachian Trail region and Damascus as "Trail Town U.S.A". The town's partnership with the ATC, compounded with visiting professional and volunteer organizations using this facility, will increase the town's visitation market. This trail center will ultimately raise Damascus to national recognition. With the closest facility of this kind in New Hampshire, Damascus becomes a true, year-round destination that is centered on the outdoors. In addition to increased visitation, the ATC anticipates \$252,000 in annual revenue and contribute six jobs to the Damascus economy.

Staff comments and recommendation: The Appalachian Trail is a unique asset to the Town of Damascus and the surrounding area and the construction of the proposed Trail Center is an understandable complement and enhancement to the Town's trail tourism economy. This project appears to be in the earliest stages of development and significant details remain to be determined (a Department of Housing & Community Development CDBG Planning Grant is currently underway). The application did not provide an operating plan for the facility or address who will own, operate and maintain the building. The proposal indicates that additional funding will clearly be sought from the Commission during the construction phase with matching funds requested from ARC. Although not listed in the application, the Appalachian Trail Conservancy has agreed to budget \$10,000 for planning work in their next budget year. Until such time as the CDBG Planning Grant process is complete and the above-mentioned operational issues are addressed, the requested final design funding seems premature. **Staff recommends no award.**

Rural Retreat Depot Foundation Inc

Rural Retreat Depot Restoration - Phase Two (Additional Stabilization) (#2908)

\$135,000 requested

Executive summary provided by applicant: The Rural Retreat Depot Foundation is an approved 501(c)(3) non-profit organization formed in August 2011 to acquire, restore, and manage the Depot in the town of Rural Retreat, VA, with over \$130,000 in donations raised to date. This Foundation believes it has great potential for public use, history of agriculture with a regional focus on cabbage and tobacco prominence, health education and tourism for the town of Rural Retreat. Renovation of the Depot will revitalize the downtown area of Rural Retreat, making it an attractive, synergistic addition to the many other historical restorations taking place in Southwest Virginia. The Rural Retreat Depot is sited at the very center of Rural Retreat and is quite visible to anyone passing through town. It was left abandoned for many years and is in a great state of disrepair. A Foundation was formed by local residents to preserve the Depot, and there are currently approximately 154 members. Phase Two (Additional Stabilization) of the restoration effort will continue to halt the current deterioration of the Depot and allow the Foundation an opportunity to raise the remaining funds to complete the full restoration without worry of further structural damage. The damage to the foundation was more extensive than originally anticipated, and most of the funds from Part One of Stabilization were needed for this effort. The Rural Retreat Depot is one of three remaining unique depots. Based on a local survey, the Depot will serve multiple purposes for the community, as well as serve to attract tourists to the area. The Depot restoration is a centerpiece of the Town of Rural Retreat's downtown revitalization.

Staff comments and recommendation: The Commission approved an award of \$49,534 in FY14 to assist with Phase I stabilization work. The full balance of that award is currently available. The FY15 proposal calls for additional stabilization work to the depot with the Commission serving as the principal funder to date. Although the application lists several potential sources of future funding it is not clear when these applications will be submitted or when funding decisions would be made. While several potential community development uses for the property are suggested in the proposal, at this stage it does not appear that a clear use for the depot once restoration is complete has been determined. Without a refined operating plan showing the intended use of the building, and the nonprofit applicant's organizational capacity to operate the site, it is difficult to determine if the project's outcomes are aligned with the interests of the Commission. Staff suggests that the project could benefit from a more refined operating plan showing a detailed and sustainable use of the building, as well as new committed matching funds. **Staff recommends no award.**

Scott County EDA

Secure Mountain/Sunbright Underground Technology Park (#2756)

\$2,270,000 requested (see staff comments re: previous partial award)

Executive summary provided by applicant: The Applicant looks to aid in site preparation for the development of a first-of-its-kind underground technology park. The park, to be developed in a former limestone mine located near the Town of Duffield in Scott County, will be capable of hosting multiple stand-alone data center buildings, supported by a common power, cooling and communications infrastructure. The former limestone mine at Sunbright offers roughly 22 acres (1 million square feet) of engineered underground space, with structural stability (rock); 6,000 tons of natural cooling (constant 52 degree temperature); a 10 million gallon stable, rechargeable water reservoir; ceiling heights in many areas averaging 30-40+ feet; and an existing series of unimproved circulation roads supporting access

throughout the underground areas. Based on initial feasibility analysis, subsequent independent engineering feasibility, master planning and business model analysis, the private entity the EDA plans to assist proposes to develop an underground technology park in the former mine site, capable of hosting multiple freestanding or interconnected buildings housing data storage and support equipment. These buildings, either single- or multi-story, and ranging from several hundred to tens of thousands of square feet, will be supported by a common power, cooling and communications infrastructure. The site delivers significant advantages over comparable above ground technology parks, including security and operating efficiencies. The private entity foresees a multi-year build-out of the site. The entity has hosted more than 20 site visits during the past 18 months, with enthusiastic interest among potential clients. Thus far, two potential tenants have executed Letters of Intent to Occupy, one representing a classified federal government contract and the other a healthcare payment processing firm desiring occupancy in early 2014. Site development will result in 150 construction jobs, the owner expects to create 28 jobs at full capacity, and potential tenants represent many more, plus significant investment. This project represents an incredible opportunity with far-reaching impact.

Staff comments and recommendation: This application was submitted to the FY14 Special Projects program and transferred to the SWED Committee. It was tabled in September 2013, and in January, 2014 received an award of \$300,000 from the SWED Committee to be combined with a \$160,000 TROF award. The balance of the request remained tabled for consideration in FY15, and Staff has requested a prioritization of the remaining site needs and costs. This project also benefited from a TICRC Reserve grant of \$20,000 in 2010 to study the feasibility of establishing data centers operations in this former limestone mine. It presents a unique opportunity to leverage Commission investments in broadband adjacent to the site. TICRC funds are requested to install power, lighting and communications infrastructure and construct a second entrance, road networks and site pads. Full buildout is anticipated to include 200,000 square feet of space, involving 28 security, maintenance and operations jobs, and private capital investment of up to \$40 million. Matching funds are shown as \$3.7 million already expended by the owners to acquire, clean up and prepare the site. However, the proposal seeks a majority of the FY15 SWED budget to benefit private property owners, and any additional funding consideration should include additional performance measures – over and above the current TROF commitments - built into the grant conditions. This project has already been served by the TROF program which is it Commission's appropriate avenue to assist privately owned projects. Alternatively, Staff has discussed the potential for awarding additional funds so that the County EDA can purchase developable surface acreage on the site from the private owners, to be marketed as publicly-controlled industrial site(s). However, at this time, the cost of the surface acreage and potential industrial uses by the EDA are not clearly known. **Staff recommends no additional award.**

Scott County EDA

Riverside Development – Phase I (#2730)

\$548,493 requested

Executive summary provided by applicant: The Applicant proposes to construct the initial phase of the Riverside Development, situated adjacent to the Town of Weber City, Scott County, Virginia. The 93-acre Riverside property is envisioned as a multi-use development, to include office/flex, commercial, recreational and residential components. VTICRC funds requested herein will be applied to site grading, access road, utility extensions and related costs. Faced with depleted acreage at the regional industrial park at Duffield, the Scott County EDA has long recognized the significant economic development potential of this highly visible, strategically located property, situated on a heavily-traveled thoroughfare, immediately

adjacent to metropolitan Kingsport, TN, and the greater Tri-Cities area, with full utilities and telecommunications infrastructure immediately accessible along U.S. 23. The EDA was finally able to acquire the property from private ownership in 2011, and looks to commence development of this advantageous site. With initial cost estimates for full build-out of the office/flex, commercial and mixed use (i.e., non-residential) portion of the Riverside Development standing in excess of \$5.3 million, the Scott County EDA recognizes the need for phased development. Phase I, proposed herein, will entail grading a readily accessible office/flex site, construction of an access road to this site, and extension of appropriate utility and communications infrastructure. These office/flex sites are designed to attract professional and technology uses, taking advantage of the area's high-end fiber capacity. In marketing the Riverside site, the Scott County EDA regularly works with various prospects, which typically represent a significant level of private investment and a considerable number of high-wage positions (a recent example has been \$10 million investment, 200-300 jobs, \$55,000 average wage). Based on these discussions, it is not unrealistic to foresee as many as 1,000 such jobs upon fuller build-out of the property. In a county where median household income is barely half that of state levels, the long-term economic impact of this development is significant.

Staff comments and recommendation: This application was submitted to the FY14 SWED round and was tabled. The Commission has approved two previous SWED grants for this project, including \$220,000 for master planning and preliminary engineering three years ago and \$524,397 for final engineering in FY13 when a then-active prospect was considering the site. That prospect is no longer active and that latest grant (#2559) has allowed the EDA to start the final engineering process. Funds awarded for this application would serve as a match to an approved ARC access road grant. However, a balance of \$440,216 remains in that two-year old grant and those funds could potentially meet the ARC match requirement. The current grant balance indicates that a large portion of the engineering work remains to be done and until additional design phases under the previous grant are completed, future phase development costs will not be known. Once final engineering is in hand, more reliable costs estimates to consider rough grading to allow a prospect to access the site would be a reasonable solution to make the site more marketable. Without an active prospect or final engineering it appears premature to begin awarding money for utilities, which may qualify for VRA or USDA financing. **Staff recommends no award.**

Smyth County Board of Supervisors

Exit 39 Seven Mile Ford Sewer Project/Phase 2 (#2914)

\$109,800 requested

Executive summary provided by applicant: The proposed project will provide the engineering design, environmental assessment, and permitting necessary to be ready for construction to extend public sewer south of Exit 39 at Seven Mile Ford. This is one of only two interchanges out of the seven in Smyth County that can accommodate significant development. The county loses substantial tax revenue from I-81 travelers who bypass the county due to limited development at the interchanges. Development at this interchange is essential. This will be Phase 2 of the project, with Phase 1 being 75% complete using funds awarded from the TIC in 2013. Interstate 81 traverses Smyth County with seven interchanges. Due to terrain and other constraints, there are limited areas that can be developed. The south side of Exit 39 is the most suitable; however, there is no public sewer at this location. The property is currently being marketed for sale, and in order to attract development, the County needs to provide sewer to this location. The Comprehensive Plan has recognized this problem and has called for sewer at this strategic commercial site. Smyth County loses a substantial amount of tax revenue from I-81 travelers due to the lack of development. The proposed project will enable Smyth County to address this problem by providing funds

for all pre-construction activities, including engineering, permitting, and an environmental study. Smyth County and the Town of Chilhowie have discussed the critical need for this project, and the County has begun the process of establishing sewer service. Phase 1, underway, addresses the preliminary engineering report, field survey, and environmental reviews. Phase 2 will allow the County to immediately proceed with the initial design. By having Phase 2 completed, the County will be able to move ahead in a timely manner with construction of the sewer system. This project is critical for economic development. Not only do the residents of Smyth County travel to the neighboring counties to spend their tax dollars, but the I-81 travelers also bypass the county due to lack of commercial development. The retail sales per capita in Smyth County is about one-half of that of its adjoining neighbors. It is also difficult to attract and retain residents in Smyth County due to the lack of commercial development. The critical tax dollars the County is losing, due to the lack of development, is essential to provide funding for education and other county services.

Staff comments and recommendation: The Commission supported the completion of Phase I engineering in FY14 with an \$83,000 award. Although the current application states that the Phase I work is substantially complete, funds from that award have not yet been requested. No committed prospect for this site has been identified making water volume needs and the resulting final design specs difficult to estimate. At the time of the FY14 application the two properties were privately owned and being marketed with an asking price of \$6M for the total 149 acre site. Without the necessary Phase 1 information it is not possible to determine if the development cost will be prohibitively expensive or if the development can be funded from potential system user revenues. A portion of this property was identified in the previous application as having the potential for industrial development however this application focuses on the need for commercial and retail development which is not a Commission funding priority. **Staff recommends no award.**

Smyth-Washington Regional Industrial Facilities Authority (SWIFA)

Mid-Mountain Water System Improvements (#2909)

\$500,000 requested

Executive summary provided by applicant: The Two Phase Project will include construction of improvements which would result in a significant increase in the amount of water (100,000 gallons per day) that can be transferred from the Washington County Service Authority (WCSA) 12 MGD Water Treatment Plant to the Highlands Business Park owned by the Smyth Washington Industrial Facilities Authority (SWIFA). These Improvements would also improve water service to the Washington County Industrial Park at Interstate 81 Exit 22 and the Town of Chilhowie and the new Smyth County Industrial Mega Site. Phase 1 would include waterline and pump station improvements. In order to meet the needs of SWIFA, 100,000 gallons per day of water supply reserve has been requested. Additional fire protection is needed at the Washington County Industrial Park and the Town of Chilhowie/Smyth County Mega Site will potentially need increased water capacity for industry. Although WCSA has ample water production capacity with a new 12 Million Gallon per Day (MGD) water treatment plant, the infrastructure necessary to adequately convey this water to these industrial sites does not exist. The proposed improvements would solve this problem. Phase 1 of the scheduled improvements would include the construction of over 8,000 linear feet of new waterline and appurtenances (\$1,040,707 funded by USDA-Rural Development); upgrades to two water pump stations (the Lee Highway and Wise Pump Stations-\$892,500); land purchase for a 2 million gallon storage tank (\$90,000) and related costs including legal, administrative, engineering and contingency (\$536,716). The problems listed above would be solved by the construction of Phase 1. Phase 2 will complete the project with the construction of a 2 Million Gallon Storage Tank, access road

and water line which would greatly improve efficiency. The project would greatly enhance SWIFA's ability to attract new industry to the Highlands Business Park by reserving a daily capacity of 100,000 gallons to the Park. In addition the improvements would improve water service to the existing Washington County Industrial park at Interstate 81 Exit 22 and would enhance the Town of Chilhowie's ability to serve the newly constructed TIC Funded Mega Site in Smyth County. All three industrial sites serving a large portion of this region would be benefitted by this single project. Over \$1,000,000 in USDA RD funds are already committed to the Project.

Staff comments and recommendation: This proposal seeks funding for water system improvements that will reportedly serve the Washington County Industrial Park and the newly constructed Mega Site location in Smyth County near the town of Chilhowie. The application does not provide evidence that either of these sites are inadequately served by the current system or that either is being marketed to industries with high water needs. TICRC is being asked for 50% of the Pump Station Improvements which were estimated in the Opinion of Probable Cost at a total cost of \$892,000. Without knowing the service needs of each of the sites it is not possible to determine if the request amount aligns with industrial usage of the system. The Commission's General Funding Policies requires applicants for off-site utility infrastructure improvements to demonstrate that financing is not available from non-TICRC sources at the time of application. This evidence was not provided and no cash flow analysis, which is also required, was submitted. **Staff recommends no award.**

Southwest Virginia Higher Education Center Foundation ***Compressed Natural Gas (CNG) Public Fueling Station (#2910)*** **\$268,000 requested**

Executive summary provided by applicant: The SWVA Higher Education Center Foundation and private partners propose to build a compressed natural gas (CNG) fueling station with access for the public. This will be the first public access CNG station in southwest Virginia, and will complement private access CNG fueling services available in Abingdon and other areas. The site will be at Food City's "Gas-N-Go" fueling site at its store near Exit 7 in Bristol, VA. Economic benefits include (a) sizable fuel cost-savings for customers, (b) increased use of SWVA-produced natural gas, (c) substantial private capital investment, and (d) modest job creation. Discoveries of vast U.S. natural gas supplies are keeping prices low over the long term, resulting in numerous opportunities to benefit from natural gas, including for vehicle use. Abingdon-based Range Resources and Appalachian Natural Gas Distribution both have small CNG fueling pumps at their offices, and several CNG-fueled vehicles each. A manufacturer of CNG fuel tanks (WireTough Cylinders) is based here. Virtually all major car and truck manufacturers offer CNG options, and after-factory CNG retrofits are widely available. But so far no CNG stations are available for the use of the public or various fleets in the area. The proposed CNG fueling station will provide the public and fleets with 24/7 week access to CNG for vehicles. Within 2 miles of the proposed site is a regional State Police Headquarters and a VDOT office and the Commonwealth has an on-going initiative to convert state vehicles to CNG. The Exit 7 location off I-81 provides ease of access for local and interstate travelers. A CNG station is not a complicated operation. It needs natural gas access, compressors, storage cylinders on-site, and a fueling nozzle. The station will be branded as VAGAST™ to highlight the use of Virginia-produced natural gas. CNG averages \$1.38/gallon less than gasoline. Applicant estimates customers' annual fuel cost savings of \$230,000 within 5 years. Applicant believes this first project will lead to an expansion of public-access CNG throughout the region, including at additional Food City locations. The proposed station also will be an early adopter of WireTough's new product line for on-site storage of CNG in high pressure cylinders (made in Bristol, VA). The VAGAST™ trademark

will help illustrate the economic benefits of natural gas: "vagas" is loosely translated as "jobs" in Portuguese. So VAGAS™ means jobs in Portuguese ... and in Virginia.

Staff comments and recommendation: A previous application was submitted for this project in FY14. It was tabled and no further action was taken. The current version of the application reflects a reduction in the amount requested and also contains an option for repayment of the award over a four year period once the operation is profitable. TICRC is being asked to fund 72% of the equipment cost to install a fueling station at a Food City location near Exit 7 in Bristol, VA. The remaining equipment cost will be contributed from a private partner, Tri-State Energy/ Wake Wynn, located in Tazewell County. This partner will also provide monitoring and maintenance services. A verbal commitment has been provided from Atmos Energy to provide the hardware and services needed to connect existing gas lines to the CNG station. Additionally, a Commission R&D program beneficiary, WireTough Cylinders LLC, will be provided the opportunity to demonstrate their on-site storage cylinder on a commercial scale. Project benefits are largely in the form of fuel savings for customers, which does not align with SWED objectives and outcomes. Job creation is quite limited, with only 2 indirect jobs at WireTough projected within the first 5 years of operation. There is also no evidence of where the private capital investment occurs. Due to these factors the proposal does not align well with SWED program objectives. **Staff recommends no award.**

Town of St. Paul

St. Paul 0.5 MGD Regional Wastewater Treatment Plant Expansion (#2886)

\$370,000 requested

Executive summary provided by applicant: The project is a proposed expansion of the Town of St. Paul's current WWTP into a regional 0.5 MGD WWTP that would serve not only the Town, but also Castlewood Water & Sewer Authority and Wise County Public Service Authority. The stakeholders wish to use a regional approach to better serve their customers and greatly reduce costs when compared to operating three individual sewer plants. The problem addressed by the project will be the availability of wastewater treatment for the three stakeholders to provide their areas and provide wastewater as a utility where it is now not available. Bids were received for the 0.5 MGD plant on January 10, 2014 and the apparent low bid amount was \$6,347,700, while the construction budget was only \$4.75 million. The special projects grant will assist in closing the gap between available funds and the value-engineered project cost of \$5 million. If additional loan funds are required by the stakeholders, the project will not be a viable option. The expanded regional WWTP will allow the three separate stakeholders to not only grow their residential customer base, but also allow for economic growth with updated and available utility capacity in the region. The project is very significant to the region and the three stakeholders. The existing plant is beyond its useful life as is and needs upgrading. Castlewood Water & Sewer Authority is already under construction and has more collection system construction planned to bring wastewater flows to the proposed plant. Without the plant being constructed, those customers will not be allowed to use the new collection system.

Staff comments and recommendation: This application was submitted to Special Projects in April 2014 as an out-of-cycle request. No action was taken and the application was moved to Southwest Economic Development at the request of the applicant. In FY10 the Commission provided \$150,000 for this project through the Reserve Program to provide the required match for an ARC grant. Originally the funds were to be used for construction but the use was later changed to design. The construction bids were higher than budgeted and TICRC funds are being requested to assist with this shortfall. While the multi-

jurisdictional participation on this project is admirable, the beneficiaries served by this project are primarily residential with some commercial users, and there is no clear argument that this will result in any definitive basic economic development. Staff suggests the applicant consider rebidding the project and/or phasing of the construction. **Staff recommends no award.**

Virginia Highlands Airport

Design Engineering Services for Runway Extension at Virginia Highlands Airport (#2917)

\$300,000 requested

Executive summary provided by applicant: As a result of business activity in the region, nine corporate jets base at the Virginia Highlands Airport. A runway extension to 5,500 feet is needed to more safely and comfortably serve these jets as well as transient jet customers visiting the region. Significant financial commitments have been made from the FAA, Department of Aviation, Department of Transportation, Washington County and the Virginia Highlands Airport Authority to enable the extension of the runway. Funding for final design services would allow the project to be publicly advertised and bids taken. With bids in hand, grants for construction funding can be secured. The existing runway length is 4,471 feet, a length well short of other airports in Virginia that support significant jet activity. The Airport is used daily by both based and visiting corporate jets. The jets are owned by Washington County businesses as well as those accessing the region for business and tourism purposes. Access to aviation infrastructure is a key element of economic growth in the region. The Airport's jet activity has increased tremendously over the last twenty years. In 1996, there was one based jet. In 2002, there were five based jets. Currently, there are nine based jets. The project will lengthen the runway to 5,500 feet to safely and effectively accommodate the current and projected demand. This length will accommodate 75% of airplanes of 60,000 pounds or less at 60% useful load capacity. The program includes land acquisition, roadway relocation, 1.0 million cubic yards of embankment and modifications to Spring Creek. Currently estimated at \$24 million, terrain and drainage issues raise the cost substantially. Final design engineering services will allow the project to be publicly advertised and bids taken. With firm bids, grant applications for construction funding can be submitted for the appropriate Federal and State programs. The Airport both supports and facilitates growth in the Southwest Virginia region. A 2011 Economic Impact Study features the airport's local contributions: 69 jobs, \$2,100,000 payroll and \$7,242,000 in economic activity. Key areas of direct economic impact include personal property taxes from based aircraft (over \$250,000 to Washington County in 2013) and fuel sales from both based tenants and visiting transient aircraft (over \$1,500,000 on average from 2011-2013). Corporate jet activity will be facilitated by the runway extension. Benefits will include economic activity from: construction activities, greater fuel loads, new based aircraft, new private hangar development and increased transient visitors.

Staff comments and recommendation: The applicant requests funding for the design phase of a runway expansion project that seeks to increase the accessibility of the airport to a greater variety of aircraft. Information provided in the application shows that this airport hosts the 5th largest number of based jets in the Commonwealth and demonstrates the significance of the airport to the local economy. The application also lists a number of additional sources including the Federal Aviation Administration and the Virginia Department of Aviation (DOAV) as potential funding sources for the runway extension, and it appears those entities could also assist with the design phase of the project (DOAV contacts report that the preliminary design was just approved at the Aviation Board meeting in mid-August, and future requests can be submitted to DOAV quarterly). For more than a decade the Commission has viewed airports as a community amenity that supports economic development (as would schools, housing, roads, parks etc.),

but which does not directly attract and create measurable basic economic development. Ultimately, the Commission's Strategic Plan lists airports as a stated Low Priority for funding. **Staff recommends no award.**

Washington County Industrial Development Authority
Exit 13 Phase 2A Sewer Project (#2911)
\$206,000 requested

Executive summary provided by applicant: The project will provide sewer service along Route 11 near Exit 13 off I-81. The project spans from Lilly's Die & Tool Manufacturing to the Virginia Highlands Airport. The project is primarily commercial and includes a total of 52 potential connections. The addition of public sewer to this area will also provide the potential for additional commercial and industrial growth. The majority of the original project was installed with a TIC funded project, Oak Park Sewer Project. This project will include approximately 5,150 LF of 8" gravity sewer and associated appurtenances to serve the remaining customers in the project area. According to the PER prepared by Draper Aden Associates in 2008, there are three primary factors that cause the need for Exit 13 Sewer Projects. Two of those factors would be associated with this phase. First, Spring Creek has been listed as an impaired water by the Virginia Department of Environmental Quality (DEQ) based on the presence of fecal coliform that are likely present due to failing private septic systems in the project area. Second, construction of public sewer utilities will allow for possible future development in the area around Exit 13 off I-81. The proposed sewer system will allow existing and future connections to be served by a public sewer system. This will eliminate existing septic systems, including those that may be failing, and the need for future septic systems. This will help in cleaning up the currently impaired Spring Creek. The proposed sewer system will also open the area for additional development. Public sewer allows development on smaller lots because the required land area for a septic system will not be required. In addition, many commercial and industrial prospects will only consider areas where public water and sewer are available. As mentioned above, the proposed project will aid in cleaning up the currently impaired water system Spring Creek. The project will provide public sewer to existing residential and commercial connections within the project area. The majority of these potential connections have expressed their interest in public sewer. Of the 52 potential connections, 42 have agreed to connect to the public sewer system. In addition, public sewer will open this area of Lee Highway up for additional commercial and industrial growth.

Staff comments and recommendation: The industrial component of this larger endeavor was assisted with a TICRC award of \$3,892,700 in FY13 from the Megasite fund to provide sewer service to the IDA's Oak Park industrial property. The connections served by this proposal are largely residential and commercial which are not funding priorities of the Commission. This phase of the project has been funded by a \$884,895 DEQ loan and no economic rationale for the portion requested from the Commission was provided beyond reducing the debt service associated with this loan. The application shows that if the project is funded using the full amount of the DEQ loan and no TICRC support, the net income is -\$41,000 cumulatively over 20 years. Staff would note that adding any significant new users to a portion of this system, such as at the Oak Park Megasite, would eliminate this shortfall. **Staff recommends no award.**

Wise County IDA
Dhiyo House, Inc. (#2846)
\$1,674,000 requested

Executive summary provided by applicant: Acquire manufacturing space, upfit to accommodate the manufacturing and lab space. The company is currently serving clients with conveyor belts that are manufactured in India. Being dependent upon importing product involves delays and added expense. Manufacturing the product will enable the company to more efficiently market the product and service the needs of an established customer base. The manufacturing process will also allow for diversification and expansion to all industries that utilize conveyor belts. The project will utilize presently unused space in a publicly-owned manufacturing building, and is expected to create 80 new basic sector jobs within 12 to 18 months. The project will also enhance the tax base for Wise County.

Staff comments and recommendation: This proposal, to assist a private industry to establish operations in Wise County, was submitted out of cycle in January 2014. Since that time, the existing building that was to be leased to the company is now occupied by another tenant. In March 2014 VCEDA approved a \$2M loan to the IDA to construct a new building for this company. The VACEDA loan is contingent on a TICRC award of \$710,000 for equipment needs, and a \$455,000 commitment by the company for working capital. The limited taxable capital investment by the company makes this project ineligible for TROF, the Commission's preferred avenue for assisting private industries. Because the project does not meet the minimum thresholds required by TROF program it is difficult to argue that an award of this size would be appropriate. This company reportedly is a significant manufacturer in India, and proposes to start operations in Wise to serve the mining industry in the US. While the proposed job creation is compelling, the financing of this project is "upside down" in that the proposed public funding of \$2.7M (VACEDA and TICR) far exceeds the committed private funding (\$455k for start-up operating capital). A request that better leverages private capital investment in taxable fixed assets would make for a far stronger proposal. Ultimately, a funding award would set a poor precedent for using public funds to provide building and equipment for private companies whose own investment in fixed assets is a fraction of the public's investment. **Staff recommends no award.**

REQUESTS THAT EXCEED THE COMMITTEE'S AVAILABLE FUNDS

*The following six requests exceed the funds budgeted and currently available to the Committee (\$2.5 million, which was clearly published on the TICR website). **Staff therefore recommends no further action on these proposals, and applicants are eligible to re-apply in a future cycle.***

Appalachian Agricultural Exposition Center
The Appalachian Agricultural Exposition Center (#2905)
\$4,659,500 requested

Executive summary provided by applicant: Once fully implemented, the Appalachian Agricultural Exposition Center shall serve as the nucleus for agribusiness and agritourism in southwest Virginia. The center is expected to directly generate over \$6,000,000 in economic activity for the region each year. Operating as an agricultural education center, exhibition complex and multi-use agricultural facility, the

Appalachian Agricultural Exposition Center will function as the only agricultural exposition center in southwest Virginia. Located in Fort Chiswell, Virginia, along Interstates 81 and 77, the agricultural facility will be within minutes of +70,000 daily motorists and within a day's drive of over half of the American population. There are 12,000 family farms operating in southwestern Virginia, however, the nearest agricultural exposition center is +3 hours away in Charleston, West Virginia. Recognizing the absence of local, Virginia-based agricultural centers, as well as the incredible opportunities for economic development, community leaders and agricultural stakeholders have partnered to fill this vacuum in the geographic center of the region. In addition to being the only southwestern Virginia county crisscrossed by two interstates, Wythe is home to +200 miles of trails -- many of which are horse rider friendly -- and serves as the second largest cattle producing county in the Commonwealth. The Appalachian Agricultural Exposition Center will provide dozens of agricultural related activities, currently not offered anywhere in southwestern Virginia. The facility's primary function will be to provide a venue for the encouragement of agricultural commerce through a host of differing educational and entertainment events; these events will include exhibitions, conventions, trade shows, public gatherings and cultural activities. Wythe County was selected to serve as the home of the center because of the level of infrastructure already in place, capable of handling the influx of individuals the center is expected to foster; including hotels, restaurants and public utilities. With +12,000 farms operating in southwestern Virginia without a single agricultural exposition center present in the region, an extraordinary vacuum exists. Our neighboring states have benefited from this lack of competition, generating millions of agritourism dollars. With its establishment, the exposition center will diversify the local economies by positively changing the fabric of the region's tourism strategy, evolving the communities from a 'gas and go' stopover to a sought after destination. In addition to positively impacting economic activity on a local level, the center will reestablish Virginia as an agricultural hub; providing an alternative to similar centers in neighboring states.

Staff comments and recommendation: Several requests have been submitted in previous years for this project but no awards have been made to date. The current proposal requests 90% funding for costs to develop the Center at a new location (the former outlet mall site). No appraisal of the property or a detailed construction estimate was provided with the application. Although the Wytheville location has attributes needed to support such a facility (e.g. lodging, restaurants etc.) and substantial visitor revenues have been projected, only 2 direct jobs are to be created. Staff has advised the applicant to pursue other funding sources (ARC, USDA, Foundations, etc.). On September 9th the Commission received communication from Wythe County asking that the request be revised to \$1 million, stating that "Wythe County has taken initial steps in securing the property" and that Commission funds are now requested for construction of an arena. The late arrival of this revision does not allow TICR staff adequate time to vet the revised plan and funding. **The original requested amount exceeds the FY15 balance for the SWED Committee and given the late arrival of the project revisions, Staff recommends no further action.**

Bluefield College

Bluefield College Proposed School of Dental Medicine Facility (#2877)

\$10,000,000 requested

Executive summary provided by applicant: The Bluefield College School of Dental Medicine Facility will house the proposed Bluefield College School of Dental Medicine (School). The facility will contribute to the revitalization of the Commission's footprint by: 1) providing a new health professions higher education opportunity to residents of the Tobacco Commission footprint; 2) significant direct job creation at the facility and indirectly in the footprint; and 3) providing qualified dental personnel to Dentally

Underserved areas of the footprint. Much of the development to support the School and its students (residences, retail space, services) will add significant taxable assets and income to the region. Southwest Virginia Health Authority's Blueprint for Health Improvement and Health-Enabled Prosperity recommends establishing a dental school in Southwest Virginia to improve oral health outcomes and boost economic development. Following a study of data documenting the need for additional dental professionals in the region and nationally, Tazewell County, Virginia, and Bluefield College concluded this strategy of the Authority can be realized. The establishment of a second college of dentistry in Virginia is essential to the future of oral health care in our state and can be a significant element of economic development for Southwest and Southside Virginia. Bluefield College in partnership with Tazewell County Industrial Development Authority proposes the establishment of a private, non-profit School of Dental Medicine. The proposed new School is a public-private partnership of the County and the College. A new non-profit entity Dental Project, Inc. has been chartered to: 1) coordinate and facilitate collaborative partnership; 2) ensure the transfer and accountability of funds pursuant to the new School's Memorandum of Understanding; and 3) advocate and seek support for the School. The Dental Project, Inc. will promote improved healthcare and economic development opportunities for Tazewell County, the Commission footprint and the Central Appalachian region. At full enrollment the School is projected to generate approximately \$17.1 million in directly related expenditures. In the County and the 18 additional surrounding Virginia localities economic activity created by these expenditures is anticipated to include:: 1) 115 full time equivalent jobs (in addition to the 95 jobs to direct employment, for a total impact of 210); 2) \$4.9 million in associated labor income (beyond the \$6.6 million in wages paid to dental school faculty and staff, for total labor income impact of \$11.5 million); 3) \$27.5 million in total economic output; and 4) \$2.0 million in total tax revenue.

Staff comments and recommendation: This request, along with a \$9.2M request to the Education Committee, was submitted in March, 2014. The applicant asks that funding be spread over a 3-5 year period but provided no suggestion of how that would be accomplished within a large capital construction project (such as interim financing). The \$38M total project cost reflected a \$27M capital project of which TICRC was asked to cover approximately 71%. The majority of the match listed in the applications is in the form of a \$13.5M operational contribution from Tazewell County. In an August 15, 2014 letter, the applicant stated that the program's Dean is no longer with the project and the project itself is undergoing modifications which will impact the budget. This letter also notified Staff that the MOU between Bluefield College and Tazewell County had expired. In an update provided September 5, 2014 the applicant informed staff that a new MOU outlining Tazewell County's contribution of land and \$3.5M operating support has been agreed upon. This same update stated that the overall cost of the project has been revised to \$31,750,580 reflecting a reduction of \$7M. As a result, the total request to the Commission has been reduced by \$3.5M although it is not yet known how this reduction would be split between this request and the pending Education application. A detailed budget showing the use of Commission funds and matching funds was not provided. Despite the update, major details of the project scope and associated costs are still unclear to staff and it is not possible to determine what an appropriate Commission contribution may be. **The request amount exceeds the FY15 balance for the SWED Committee and Staff therefore recommends no further action.**

City of Bristol

The Falls: A Development of Regional Impact (#2842)

\$5,000,000 requested

Executive summary provided by applicant: The City is seeking a Tobacco Commission grant to aid in the completion of infrastructure construction at the Commonwealth's first Development of Regional Impact as defined by Virginia Code Â§58.1-608.3. The project's emphasis is on tourism and travel which is a new economic development strategy for the City. The City is requesting \$5 million in TIC funds to enable completion of the needed infrastructure on site. These three (3) phases represent 2,031 direct permanent jobs, \$260 million in capital investment (both public and private), and \$9.1 million in new tax revenues for the Commonwealth of Virginia. The City needs assistance in funding the continued infrastructure development onsite. The requested \$5 million will constitute the final payment of an \$18 million contract which completes development of the 100 acre site. The city had anticipated utilizing revenue bonds to fund this last portion of the contract. However, the sale of those bonds has been delayed due to interference from competing similar developments in other states. The Tobacco Commissions previous support of the project has been instrumental in achieving the success to date. The City now requests that the Commission's previous support for the project, currently a \$5.5 million performance guarantee, be converted into a \$5 million grant with typical performance requirements. The City has funded approximately \$13 million of the standing \$18 million infrastructure contract. The requested \$5 million Commission grant would complete this contract and allow vertical construction to begin. Work is already underway on this infrastructure. The requested funding will be issued to the contractor in March of 2014 and the work will be completed in August of 2014. The overall project will be completed and operational in 2017. The project as it is currently designed includes six (6) phases and over 400 acres of development area in both the City of Bristol and Washington County Virginia. This grant will complete infrastructure development in the first three (3) phases of the project which is located in the City of Bristol. These three (3) phases represent 2,031 direct permanent jobs, \$260 million in capital investment (both public and private), and \$9.1 million in new tax revenues for the Commonwealth of Virginia.

Staff comments and recommendation: This request for double the available FY15 SWED balance was submitted in January. The scope of work it was intended to fund is substantially complete and the City has requested that the application serve as a "place holder" for future phases of development, which would be particularly poor policy to agree to. One option presented by the applicant is to assist with future highway improvements which are a low priority per the Strategic Plan. Additionally this is a retail development with the potential to displace sales from existing retailers. Retail development is also a stated low priority of the Commission. **The request amount exceeds the FY15 balance for the SWED Committee and Staff therefore recommends no further action.**

Lincoln Memorial University

The Lincoln Memorial University College of Veterinary Medicine Large Animal Teaching and Research Center (#2890)

\$5,043,862 requested

Executive summary provided by applicant: The 30th veterinary school in the USA will establish the Large Animal Teaching and Research Center in Lee County, which will exert a positive economic impact in the area. Commission funds would be utilized to complete facilities and equipment needs in order to reach operational status for the first students in August 2014. This regional center of excellence will impart

degrees in the sciences, namely the DVM degree, and offer another avenue for the people of Southwest Virginia to gain admission to veterinary school. Once fully operational over 300 students will learn on the campus on a daily basis. Data from the US government, organized veterinary medicine, industry, and Bureau of Labor all project increased need for veterinarians in areas of food animal medicine, food security, government, public health, and research. Veterinarians contribute economically and socially into their rural communities. However, Southwest Virginia is currently underserved by veterinarians, and nearly half of the TIC counties rural veterinarians are within years of retirement. Furthermore, USDA and Virginia General Assembly named 7 counties in TIC region as critical Food Animal Veterinarian Shortage areas. Southwest Virginia is also underserved in animal related capacity building such as education, outreach, and animal disease diagnosis. LMU will build the LATRC in Lee County Virginia to serve as a crucible for identifying, recruiting, and educating students in large animal veterinary medicine, food security, and public health. The LATRC will seek to recruit students from the Appalachia, including TIC counties in Virginia, with the primary aim to graduate students with Veterinary Technology and DVM degrees. The LATRC will serve as a regional center of excellence in large animal teaching and research and provide training facilities, outreach services, and expert consultation to the animal stakeholders of Southwest Virginia. The LATRC will serve as an economic engine for the region through construction, operations, service fees, jobs, research, events, and heavy student traffic. The LATRC will elevate the education levels of Southwest Virginia by imparting AS, BS, and DVM degrees. Upon graduation, the graduates from Virginia TIC counties are likely to return to their respective homes and not only meet the veterinary need, but furthermore, produce a significant economic impact. The LATRC will bolster animal agribusiness by offering regional animal stakeholders a means for disease diagnosis, educational programs, accessible experts, and a training platform.

Staff comments and recommendation: In FY14 the Commission provided over \$1.5M in support of this project. The current application was submitted in May 2014 out of cycle due to the need to complete the facility prior to the beginning of the first class in August 2014. The facility did open in August and it is unclear what, if any, needs remain. In this proposal TICRC is asked to cover 77% of this phase of development which is largely completed. Matching contributions appear in the form of property donation but no appraisal was provided to substantiate its value. **The request amount exceeds the FY15 balance for the SWED Committee and Staff therefore recommends no further action.**

Lincoln Memorial University

Small Animal Clinical Skills Center of the Lincoln Memorial University-College of Veterinary Medicine in Lee County Virginia (#2906)

\$6,600,000 requested

Executive summary provided by applicant: Lincoln Memorial University-College of Veterinary Medicine, the 30th veterinary school in the USA, will establish the Small Animal Clinical Skills Center in Lee County, which will exert a positive economic impact in the area. Commission funds would be utilized to complete facilities and equipment needs in order to reach operational status in Fall of 2015. This regional center of excellence will impart degrees in the sciences, namely the DVM degree, and offer another avenue for the people of Southwest Virginia to gain admission to veterinary school. Once fully operational over 400 students will learn on the campus daily. Data from the US government, organized veterinary medicine, industry, and Bureau of Labor all project increased need for veterinarians in areas of public health, food animal medicine, food security, government, and research. US News and World report ranks Veterinarians as the # 20 best job in the annual top 100 survey. Veterinarians contribute economically and socially into their rural communities. However, Southwest Virginia is currently

underserved by veterinarians, and nearly half of the TIC counties rural veterinarians are within years of retirement. Southwest Virginia is also underserved in animal related capacity building such as education, outreach, and animal disease diagnosis. LMU will build the Small Animal Clinical Skills Center in Lee County Virginia to serve as a crucible for identifying, recruiting, and educating students in small animal veterinary medicine. The Center will seek to recruit students from the Appalachia region, including TIC counties in Virginia, with the primary aim to graduate students with Veterinary Technology and DVM degrees. The Small Animal Clinical Skills Center will serve as a regional center of excellence in small animal teaching and research and provide training facilities, outreach services, and expert consultation to the animal stakeholders of Southwest Virginia. The Small Animal Center will serve as an economic engine for the region through construction, operations, service fees, jobs, research, events, and heavy student traffic. The Center will elevate the education levels of Southwest Virginia by imparting AS, BS, and DVM degrees. Upon graduation, the graduates from Virginia TIC counties are likely to return to their respective homes and not only meet the veterinary need, but furthermore, produce economic impact outlined in the Economic Impact Study attached in previous applications.

Staff comments and recommendation: TICRC has provided over \$1.5M to date to assist with the large animal portion of project with an additional \$5M request submitted in May as described above. Commission funds are requested to cover 81% of the costs associated with this phase of the project. Matching funds are entirely “in-kind” with no explanation of how the value of these contributions was determined. **The request amount exceeds the FY15 balance for the SWED Committee and Staff therefore recommends no further action.**

~~Town of Richlands~~/Tazewell County Industrial Development Authority
Project Jonah (#2907)
\$25,000,000 requested

Executive summary provided by applicant: The basis of the project is to create a world-class aquaculture production/processing facility that will produce a year round supply of consumable fish fillets and byproducts. The expanding U.S. consumer fish market creates an opportunity for a knowledgeable aquaculture company to establish a United States based aquaculture production facility in Southwest Virginia. The project has the potential to produce over 400 jobs within five years and draw from area farms for feedstock. The project will be a year round manufacturing facility and will distribute a variety of consumable fish products to be distributed to national markets. This facility will supply a product to meet the growing market for locally grown, bio-secure and traceable consumable fish fillets and byproducts. It is a unique project that supports the efforts of state and local entities to diversify Southwest Virginia's economy. Manufacturing jobs are a much needed source of employment. The region is reliant on coal mining, gas extraction and service related businesses. The addition of these manufacturing jobs will assist in the region's efforts to diversify area employment opportunities for residents. Project Jonah is a transformational project for Southwest Virginia that will use cutting edge technologies and processes, will begin developing a highly cost competitive, eco- friendly, vertically integrated, Virginia based, aquaculture production facility that will fully integrate the assets of the region including but not limited to: expert resources at Virginia Tech, a trainable local workforce, a centralized location capable of supplying 60% of the US market with a one day delivery time from harvest to shelf, a well-developed road infrastructure and support at all levels in the region. The project is anticipated to create approximately 426 jobs within five years, with an estimate annual salary of approximately \$63,515. The project will significantly impact the employment rate and quality of jobs available in the Southwest region. The jobs created will be annual (not seasonal) manufacturing jobs associated with a sustainable manufacturing facility serving national markets.

The project has the potential to have a significant impact on the local farming community by creating a market for certain crops that will act as food stock for the aquaculture facility.

Staff comments and recommendation: This application was originally submitted by the Town of Richlands and changed to the Tazewell County Industrial Development Authority at the request of the applicants. While there is no question this is a significant project for the region, the request for \$25M greatly exceeds the ability of this Committee to fund and equates to more than half the entire Commission budget for FY15. In several meetings with the company a request of this size was discussed and TICRC staff repeatedly advised that it was not a realistic expectation given the budget for FY15. The project has received a \$1M TROF award which is the appropriate program for addressing the needs of private businesses. It appears that the company will be eligible for additional TROF assistance during Phase II and III expansions planned for 2015 and 2016. **The request amount exceeds the FY15 balance for the SWED Committee and Staff therefore recommends no further action.**